

FAQs: Important Information Regarding Continuation of COBRA After the Expiration of the Premium Subsidy Provided by ARRA



U. S. Department of Labor
Employee Benefits Security Administration
August 2010

The American Recovery and Reinvestment Act (ARRA) provided a COBRA premium reduction for eligible individuals who are involuntarily terminated from employment through May 31, 2010. Due to the statutory sunset, the COBRA premium reduction under ARRA is not available for individuals who experience involuntary terminations after May 31, 2010. However, individuals who qualified on or before May 31, 2010 may continue to pay reduced premiums for up to 15 months, as long as they are not eligible for another group health plan or Medicare.

Q-1 I have been on COBRA with the 65% premium subsidy for almost 15 months, what should I do?

Those individuals who qualified for the premium reduction were only required to pay 35 percent of the COBRA premium otherwise due to the plan. This premium reduction is available for up to 15 months. If your COBRA continuation coverage lasts for more than 15 months, you will need to pay the full amount to continue your COBRA continuation coverage. If you are unsure when your 15 months of premium assistance ends or how much the new premium is, contact your plan right away so that you can make sure you pay the correct amount for the correct time period. If you do not make the full payment within the correct time period, your COBRA coverage can be canceled.

Q-2 What if I can not afford to pay the full premium for the remaining 3 months?

It is very important to pay the remaining 3 months if at all possible, as you lose some health coverage rights or options if your COBRA is terminated for non-payment. Individuals who exhaust their COBRA are eligible to obtain coverage through state high risk pools and also qualify for special enrollment in a spouse's plan. These rights are lost if an individual's COBRA is terminated for non-payment. (Note: If a person becomes eligible for coverage in a new employer's plan or spouse's plan, they lose eligibility for the subsidy and are required to notify their COBRA provider of their eligibility for the other coverage.)

If you have limited income and resources (assets), you may want to contact your state to determine if you are eligible for Medicaid or other programs that may assist you in obtaining assistance with health coverage.

Q-3 If I did not make the premium payment on time and my coverage was canceled what can I do?

You may want to contact your plan and ask if they will reinstate your coverage; however, if your coverage was terminated for not making the payment within the grace period, the plan is not required to reinstate your coverage. If you believe your coverage was canceled inappropriately, please contact an EBSA Benefits Advisor at [1-866-444-3272](tel:1-866-444-3272) for possible assistance.

If you have lost coverage, and are not eligible to enroll in a new employer's plan or a spouse's plan, you may want to contact your state department of insurance to get information about obtaining an individual policy. You may be able to cover your children under your state's Children's Health Insurance Program- call [1-877 KIDS NOW](tel:1-877-KIDS-NOW) (1-877-543-7669) or go to www.insurekidsnow.gov to find out about eligibility and enrollment.

Additionally, the Affordable Care Act provides that plans or issuers that make available coverage to dependent children must make such coverage available for children up to age 26. Because this provision has a varying applicability date, contact the plan to see if such coverage is available. The Affordable Care Act also established Pre-existing Condition Insurance Plans (PCIP) for those with pre-existing conditions. For information about how these plans work, go to www.healthcare.gov.

If you have limited income and resources (assets), you may want to contact your state to determine if you are eligible for Medicaid or other programs that may assist you in obtaining assistance with health coverage.